

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION

_____	)	
UNITED STATES OF AMERICA	)	
	)	Criminal No. CR-01-N-135-S
v.	)	
	)	Filed: April 11, 2001
ABB MIDDLE EAST & AFRICA	)	
PARTICIPATIONS AG,	)	
	)	Violation: 15 U.S.C. § 1
Defendant.	)	
_____	)	

PLEA AGREEMENT

The United States of America and ABB MIDDLE EAST & AFRICA PARTICIPATIONS AG (“ABB MEA”) hereby enter into the following Plea Agreement pursuant to Rule 11(e)(1)(C) of the Federal Rules of Criminal Procedure (“Fed. R. Crim. P.”):

RIGHTS OF DEFENDANT

1. ABB MEA understands its rights:
  - (a) to be represented by an attorney;
  - (b) to be charged by indictment;
  - (c) to plead not guilty to any criminal charge brought against it;
  - (d) to have a trial by jury, at which it would be presumed not guilty of the charge and the United States would have to prove it guilty beyond a reasonable doubt;

- (e) to confront and cross-examine witnesses against it and to subpoena witnesses in its defense at trial;
- (f) to appeal its conviction if it is found guilty at trial; and
- (g) to appeal the imposition of sentence against it.

AGREEMENT TO PLEAD GUILTY  
AND WAIVE CERTAIN RIGHTS

2. ABB MEA waives the rights set out in Paragraph 1(b)-(f) above.

ABB MEA also waives the right to appeal the imposition of the sentence against it, so long as the sentence imposed is consistent with the recommendation in Paragraph 8 of this Plea Agreement. Pursuant to Fed. R. Crim. P. 7(b), ABB MEA will waive indictment and plead guilty under Fed. R. Crim. P. 11(e)(1)(C) to a one-count Information to be filed in the United States District Court for the Northern District of Alabama. The Information will charge ABB MEA with participating in a conspiracy to suppress and eliminate competition by rigging the bids on a United States-funded wastewater construction project in the Arab Republic of Egypt, beginning at least as early as June 1989 and continuing at least through September 20, 1996, in violation of 15 U.S.C. § 1.

3. Pursuant to the terms of this Plea Agreement, ABB MEA will plead guilty at arraignment to the criminal charge described in Paragraph 2 above and will make a factual admission of guilt to the Court in accordance with Fed. R. Crim. P. 11, as set forth in Paragraph 4 below.

## FACTUAL BASIS FOR OFFENSE CHARGED

4. Had this case gone to trial, the United States would have presented evidence to prove the following facts.

(a) For purposes of this Plea Agreement, the “relevant period” is that period beginning at least as early as June 1989 and continuing at least through September 20, 1996. During the relevant period, SAE Sadelmi USA, Inc., was an entity organized and existing under the laws of the State of New York, with its principal place of business in North Brunswick, New Jersey. SAE Sadelmi USA, Inc., was prequalified to bid on several construction projects funded by the United States Agency for International Development (“USAID”), an agency of the United States. During the relevant period, Elettrofin Societa Anonima Finanziaria Holding (“Elettrofin”), with its principal place of business at Lugano, Switzerland (and later Milan, Italy and subsequently Zurich, Switzerland), was responsible for the direction of its affiliate, SAE Sadelmi USA, Inc. In February, 1995, Elettrofin was sold to a third party, and prior to the sale, Elettrofin’s ownership in other companies was transferred to a successor corporation, which is now known as ABB MIDDLE EAST & AFRICA PARTICIPATIONS AG. SAE Sadelmi USA, Inc. and ABB MEA were, at all times during the relevant period, ultimately one hundred percent subsidiaries of ABB Asea Brown Boveri, Limited, headquartered in Zurich, Switzerland.

(b) During the relevant period, ABB MEA participated in a conspiracy to rig bids on Contract 29, a USAID-funded construction contract in Egypt. In furtherance of the conspiracy, ABB MEA, through an officer and an agent, engaged in conversations and attended meetings with other members of the bid-rigging conspiracy. During those meetings and conversations, the conspirators reached agreements relating to the bids on Contract 29, a USAID-funded wastewater construction contract in Egypt, in an effort to eliminate or reduce competition on Contract 29.

(c) During the relevant period, the equipment, materials, and supplies necessary to the bidding and performance of Contract 29 and the payments made by the United States under Contract 29 moved in interstate and foreign commerce. The business activities of ABB MEA and co-conspirators in connection with the bidding and performance of Contract 29 were within the flow of, and substantially affected, interstate and foreign trade and commerce.

(d) Substantial activities in furtherance of the conspiracy occurred within the Southern Division of the Northern District of Alabama.

#### POSSIBLE MAXIMUM SENTENCE

5. ABB MEA understands that the maximum penalty that may be imposed against it upon conviction for a violation of the Sherman Antitrust Act is a fine in an amount equal to the largest of:

- (a) \$10 million (15 U.S.C. § 1);
- (b) twice the gross pecuniary gain derived from the offense (18 U.S.C. § 3571(d)); or
- (c) twice the gross pecuniary loss caused to the victims of the offense (18 U.S.C. § 3571(d)).

6. In addition, ABB MEA understands that:

- (a) pursuant to § 8B1.1(a)(2) of the United States Sentencing Commission Guidelines ("U.S.S.G."), the Court may order it to pay restitution to the victims of the offense;
- (b) pursuant to 18 U.S.C. § 3013(a)(2)(B) and U.S.S.G. § 8E1.1, the Court is required to order ABB MEA to pay a four hundred dollar (\$400) special assessment upon conviction for the charged offense; and
- (c) pursuant to 18 U.S.C. § 3561(c)(1), the Court may order a term of probation of at least one year, but not more than five years.

#### SENTENCING GUIDELINES

7. Sentencing for the offense to be charged will be conducted pursuant to the Federal Sentencing Guidelines Manual in effect on the day of sentencing. Pursuant to U.S.S.G. § 1B1.8, self-incriminating information provided to the United States pursuant to this Plea Agreement, or in negotiation of this Plea Agreement, will not be used to increase the affected volume of commerce attributable to ABB MEA or to determine the applicable Guidelines range, except to the extent provided

for in U.S.S.G. § 1B1.8(b). For purposes of calculating the volume of commerce in U.S.S.G. § 2R1.1 under this Plea Agreement, only evidence relating to Contract 29 is attributable to ABB MEA.

### SENTENCING AGREEMENT

8. Pursuant to Fed. R. Crim. P. 11(e)(1)(C), the United States and ABB MEA agree that the appropriate disposition of the case is, and agree jointly to recommend, that the Court impose a sentence requiring ABB MEA to pay a fine to the United States in the amount of fifty-three million dollars (\$53,000,000), pursuant to 18 U.S.C. § 3571(d), without interest, in accordance with 18 U.S.C. § 3612(f)(3)(A) and U.S.S.G. § 8C3.2.

(a) The recommended fine shall be payable as follows: a payment of eight million dollars (\$8,000,000) will be due within ninety days of the date of sentencing; and five equal installments of nine million dollars (\$9,000,000) each will be due on the anniversary of the sentencing for the next five years, without interest, in accordance with 18 U.S.C. § 3612(f)(3)(A) and U.S.S.G. § 8C3.2.

(b) ABB MEA agrees as part of sentencing to make restitution, with the consent of USAID, by paying a sum of money and providing services to USAID pursuant to 18 U.S.C. § 3663. (Attachment A).

(c) ABB MEA understands that the Court will order it to pay a four hundred dollar (\$400) special assessment pursuant to 18 U.S.C.

§ 3013(a)(2)(B) and U.S.S.G. § 8E1.1 in addition to any fine imposed.

(d) The United States and ABB MEA understand that the Court retains complete discretion to accept or reject the agreed-upon recommendation provided for in this Plea Agreement. If the Court does not accept the recommended sentence, this Plea Agreement will be void and ABB MEA will be free to withdraw its guilty plea. (Fed. R. Crim. P. 11(e)(4)). If ABB MEA does withdraw its plea of guilty, this Plea Agreement, the guilty plea, and any statements made in connection with or in furtherance of the plea or this Plea Agreement, or in the course of discussions leading to the plea or the Plea Agreement, shall not be admissible against ABB MEA and its parent organization, subsidiaries, and affiliates, in any criminal or civil proceeding. (Fed. R. Crim. P. 11(e)(6)).

(e) ABB MEA agrees that it will maintain sufficient funds to pay the criminal fine installment payments imposed by this agreement without substantially jeopardizing the continued viability of the organization. (U.S.S.G. §§ 8C3.2, 8C3.3(b)). Attached to this Plea Agreement is a letter from ABB Limited guaranteeing that it will provide any financial support necessary for ABB MEA to maintain an adequate level of funding to pay the fine imposed by the Court. (Attachment B).

9. The United States and ABB MEA jointly submit that this Plea

Agreement, together with the record that will be created by the United States and ABB MEA at sentencing and the further disclosure described in Paragraph 10 of this Plea Agreement, provides sufficient information concerning ABB MEA, the offense charged in this case, and ABB MEA's role in the offense to enable the meaningful exercise of sentencing authority by the Court under 18 U.S.C. § 3553. The United States and ABB MEA will jointly request that the Court accept ABB MEA's guilty plea and immediately impose sentence on the day of arraignment pursuant to the provisions of Fed. R. Crim. P. 32(b)(1) and U.S.S.G. § 6A1.1. The Court's denial of the request to impose sentence immediately based upon the record provided by ABB MEA and the United States will not void this Plea Agreement.

10. The United States, prior to the sentencing in this case, will fully advise the Court of: all facts relating to ABB MEA's involvement in the charged offense; all other relevant conduct; the fact, manner, and extent of ABB MEA's ongoing cooperation pursuant to Paragraph 11 of this Plea Agreement; and its commitment to prospective cooperation with the United States' investigation and prosecutions.

#### ABB MEA'S COOPERATION

11. ABB MEA and its parent organization, subsidiaries, and affiliates will provide full and truthful continuing cooperation to the United States in the prosecution of this case, the conduct of the current federal investigation of violations of the federal antitrust and related criminal laws in the international construction industry in the Arab Republic of Egypt, any other federal investigation resulting



therefrom, and any litigation or other proceedings arising or resulting from any such investigation to which the United States is a party (“Federal Proceeding”).

Such cooperation in any Federal Proceeding shall include, but not be limited to:

(a) immediately producing to the United States all documents, information, and other materials not privileged under United States law, wherever located, in the possession, custody, or control of ABB MEA or its parent organization, subsidiaries, or affiliates requested by the United States in connection with any Federal Proceeding; and

(b) using its best efforts to secure the ongoing, full, and truthful cooperation, as defined in Paragraph 12 of this Plea Agreement, of the current and former directors, officers, or employees of ABB MEA and its parent organization, subsidiaries, and affiliates as may be requested by the United States, including making such persons available in the United States and at other mutually agreed-upon locations, at ABB MEA’s expense, for interviews and the provision of testimony in grand jury, trial, and other judicial proceedings in connection with any Federal Proceeding.

12. The ongoing, full, and truthful cooperation of each person described in Paragraph 11(b) above will be subject to the procedures and protections of this paragraph, and shall include, but not be limited to:

(a) producing in the United States and at other mutually agreed-upon locations all documents (including claimed personal documents) and other materials requested by attorneys and agents of the United States, except for documents privileged under United States law;

(b) making himself or herself available on reasonable notice for interviews, not at the expense of the United States, in the United States and at other mutually agreed-upon locations, upon the request of attorneys and agents of the United States;

(c) responding fully and truthfully to all inquiries of the United States in connection with any Federal Proceeding, without falsely implicating any person or intentionally withholding any information;

(d) otherwise voluntarily providing the United States with any materials or information, not requested in Paragraphs 12(a)-(c) above, that he or she may have related to any such Federal Proceeding; and

(e) when called upon to do so by the United States, testifying in trial and grand jury or other proceedings in the United States, fully, truthfully, and under oath, subject to the penalties of perjury (18 U.S.C. § 1621), making false statements or declarations in grand jury or

court proceedings (18 U.S.C. § 1623), obstruction of justice (18 U.S.C. § 1503), and contempt (18 U.S.C. §§ 401-402), in connection with any such Federal Proceeding.

#### GOVERNMENT'S AGREEMENT

13. The United States agrees to the following:

(a) Subject to the exceptions noted in Paragraph 13(c), the United States will not bring further criminal charges against any current or former director, officer, or employee of ABB MEA and its parent organization, subsidiaries, and affiliates (except for Eberhard VonKoerber, former member of the executive committee of ABB Asea Brown Boveri, Limited, who is specifically excluded from each and every term of Paragraphs 11(b), 12, and 13 of this Plea Agreement) for any act or offense committed prior to the date of this Plea Agreement while the person was a director, officer, or employee of ABB MEA or its parent organization, subsidiaries, or affiliates that was undertaken in furtherance of, or in connection with, any antitrust conspiracy in the international construction industry in the Arab Republic of Egypt, in whole or in part, during the relevant period ("Relevant Offense"). Relevant Offense does not include civil matters of any kind, any violation of the federal tax or securities laws, or any crime of violence.

(b) Should the United States determine that any current or former director, officer, or employee of ABB MEA or its parent organization, subsidiaries, or affiliates may have information relevant to any Federal Proceeding, the United States may request such person's cooperation pursuant to the terms of this Plea Agreement by written request delivered to counsel for the individual (with a copy to the undersigned counsel for ABB MEA) or, if the individual is not known by the United States to be represented, to the undersigned counsel for ABB MEA.

(c) In the event that any person requested to provide cooperation pursuant to Paragraph 13(b) fails to comply with his or her obligations under Paragraph 12 of this Plea Agreement, then the terms of this Plea Agreement as they pertain to such person shall be rendered null and void, and the agreement not to prosecute such person granted in this Plea Agreement shall be void.

(d) Except as provided in Paragraph 13(e), information provided to the United States pursuant to the terms of this Plea Agreement pertaining to any Relevant Offense committed while the person providing the information was a director, officer, or employee of ABB MEA or its parent organization, subsidiaries, or affiliates, or any information directly or indirectly derived from such information, may not be used against such person in a criminal case, except a prosecution for perjury (18 U.S.C. § 1621), making a false

statement or declaration in grand jury or court proceedings (18 U.S.C. § 1623), obstruction of justice (18 U.S.C. § 1503), or contempt (18 U.S.C. §§ 401-402).

(e) In the event a person who provides information to the United States pursuant to this Plea Agreement fails to comply fully with his or her obligations under Paragraph 12 of this Plea Agreement, the agreement in Paragraph 13(d) not to use such information, or any information directly or indirectly derived from such information, against such person in a criminal case shall be void.

(f) The non-prosecution terms of this paragraph do not apply to any civil liability to the United States, to any violation of the federal tax or securities laws, or to any crime of violence.

(g) Documents provided pursuant to Paragraphs 11(a) and 12(a) of this Plea Agreement shall be deemed responsive to outstanding grand jury subpoenas issued to ABB MEA or its parent organization, subsidiaries, or affiliates.

14. Upon tender of the guilty plea called for by this Plea Agreement and imposition of the agreed-upon sentence, and subject to the cooperation requirements of Paragraph 11 of this Plea Agreement, the United States agrees

that it will not bring further criminal charges against ABB MEA and its parent organization, subsidiaries, and affiliates for any Relevant Offense. The non-prosecution terms of this paragraph do not apply to any civil liability to the United States, to any violation of the federal tax or securities laws, or to any crime of violence.

15. The United States agrees that when any person travels to the United States for interviews, court appearances, or grand jury appearances pursuant to this Plea Agreement, or for meetings with counsel in preparation thereof, the United States will take no action, based upon any Relevant Offense, to subject such person to arrest or service of process, or to prevent such person from departing the United States. This paragraph does not apply to an individual's commission of perjury (18 U.S.C. § 1621), making a false statement or declaration in grand jury or court proceedings (18 U.S.C. § 1623), obstruction of justice (18 U.S.C. § 1503), or contempt (18 U.S.C. §§ 401-402) in connection with any testimony provided in trial, grand jury, or other judicial proceedings in the United States.

16. ABB MEA understands that it may be subject to administrative or other action by federal or state agencies other than the United States Department of Justice, Antitrust Division, based upon any conviction resulting from this Plea Agreement, and that this Plea Agreement in no way controls whatever action, if any, such other agencies may take. However, the United States Department of Justice, Antitrust Division, agrees that, if requested, it will advise the appropriate

officials of any government agency considering administrative or other action against ABB MEA or its parent organization, subsidiaries, or affiliates, based upon any conviction resulting from this Plea Agreement, of the fact, manner, and extent of ABB MEA's cooperation, as a matter for such agency to consider before determining what administrative or other action, if any, to take with regard to ABB MEA or its parent organization, subsidiaries, or affiliates.

#### REPRESENTATION BY COUNSEL

17. ABB MEA has been represented by counsel and is fully satisfied that its attorneys have provided competent legal representation. ABB MEA has thoroughly reviewed this Plea Agreement and acknowledges that its attorneys have advised it of the nature of the charges, any possible defenses to the charges, and the nature and range of possible sentences.

#### VOLUNTARY PLEA

18. ABB MEA's decision to enter into this Plea Agreement and ABB MEA's decision to tender a plea of guilty are freely and voluntarily made and are not the result of force, threats, assurances, promises, or representations other than the representations contained in this Plea Agreement. The United States has made no promises or representations to ABB MEA as to whether the Court will accept or reject this Plea Agreement.

#### VIOLATION OF PLEA AGREEMENT

19. ABB MEA agrees that, should the United States determine in good faith, while any Federal Proceeding is pending, that ABB MEA has failed to provide

full cooperation (as described in Paragraph 11 of this Plea Agreement) or otherwise has violated any other provision of this Plea Agreement, the United States shall notify counsel for ABB MEA in writing by personal or overnight delivery or facsimile transmission of its intention to void any of its obligations under this Plea Agreement (except its obligations under this paragraph), and ABB MEA and its parent organization, subsidiaries, and affiliates shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, the substantive offenses relating to the investigation resulting in this Plea Agreement. ABB MEA may seek Court review of any determination by the United States of a violation of the Plea Agreement. In the event of any further prosecution of ABB MEA resulting from a breach of this agreement, ABB MEA will not interpose the statute of limitations as a defense with regard to any period which passes after the date of this Plea Agreement.

#### ENTIRETY OF AGREEMENT

20. This Plea Agreement constitutes the entire agreement between the United States and ABB MEA concerning the disposition of the criminal charges in this case. This Plea Agreement cannot be modified except in writing signed by the United States and ABB MEA. ABB Limited has made certain additional commitments in connection with this Plea Agreement, as reflected in Attachment B.



21. The undersigned, Max Abitbol, the President of ABB MEA, is authorized to enter this Plea Agreement on behalf of ABB MEA as evidenced by the Resolution of the Board of Directors of ABB MEA, attached hereto, and incorporated herein by reference.

22. The undersigned attorneys for the United States have been authorized by the Assistant Attorney General of the United States to enter this Plea Agreement on behalf of the United States.

DATED: April 11, 2001

Respectfully submitted,

/S/  
MAX ABITBOL, President  
ABB MIDDLE EAST & AFRICA  
PARTICIPATIONS AG

/S/  
GORDON L. LANG  
LESLIE P. MACHADO  
Counsel for ABB MIDDLE EAST &  
AFRICA PARTICIPATIONS AG

/S/  
WILLIAM D. DILLON  
JON R. SMIBERT

Attorneys, U.S. Department of Justice  
Antitrust Division  
Richard B. Russell Building  
75 Spring St., S.W., Suite 1176  
Atlanta, GA 30303  
Tel.: (404) 331-7100

ATTACHMENT A

April 10, 2001

Mr. Beat Hess  
Senior Vice President  
General Counsel and Secretary  
ABB Ltd.  
Affolternstrasse 44  
CH-8050 Zurich, Switzerland

Dear Mr. Hess,

This letter confirms that the United States Agency for International Development ("USAID") has agreed to accept as restitution in the matter of United States v. ABB MIDDLE EAST & AFRICA PARTICIPATIONS AG, now pending in the Northern District of Alabama, the provision of services by ABB Middle East & Africa Participations AG and ABB Limited, and the payment to the U.S. Department of Justice, Civil Division, of ten million dollars (\$10,000,000), pursuant to 18 U.S.C. § 3663(b)(5).

The terms of the services that have been provided, and will continue to be provided, are as follows:

ABB Middle East & Africa Participations AG, and its parent and subsidiary organizations, and sister companies will provide full and truthful continuing cooperation to the United States in: the prosecution of this case; the conduct of the current federal investigation into violations of the federal antitrust laws and any other federal criminal laws in the international construction industry in the Arab Republic of Egypt and any other federal investigation resulting therefrom; and any litigation or other proceedings arising or resulting from any such investigation to which the United States is a party. Such cooperation shall include, but not be limited to:

- (a) producing to the United States all documents, information, and other materials not privileged under United States law, wherever located, in

the possession, custody, or control of ABB Middle East & Africa Participations AG, and its parent and subsidiary organizations as requested by the United States in connection with any federal investigation of violations of the federal antitrust laws and any other violations of criminal laws arising out of the international construction industry in the Arab Republic of Egypt, any other federal investigation resulting therefrom, and any litigation or other proceedings arising or resulting from any such investigation to which the United States is a party; and

(b) using its best efforts to secure the ongoing, full, and truthful cooperation, as defined in Paragraph 12 of the attached plea agreement, of the current and former directors, officers, or employees of ABB Middle East & Africa Participations AG (ABB MEA), and its parent and subsidiary organizations as may be requested by the United States, including making such persons available in the United States and at other mutually agreed-upon locations, at ABB MEA's expense, for interviews and the provision of testimony in grand jury, trial, and other judicial proceedings in connection with any Federal Proceeding.

The ongoing, full, and truthful cooperation of each person described above will be subject to the requirements outlined in the plea agreement, and shall include, but not be limited to:

(a) producing in the United States and at other mutually agreed-upon locations all documents (including claimed personal documents) and other materials requested by attorneys and agents of the United States, except for documents privileged under United States law;

(b) making himself or herself available on reasonable notice for interviews, not at the expense of the United States, in the United States, and at other mutually agreed-upon locations, upon the request of attorneys and agents of the United States;

(c) responding fully and truthfully to all inquiries of the United States in connection with any Federal Proceeding, without falsely implicating any person or intentionally withholding any information;

(d) otherwise voluntarily providing the United States with any materials or information, not requested in Paragraphs (a) and (b) above, that he or she may have related to any such Federal Proceeding; and

(e) when called upon to do so by the United States, testifying in trial and grand jury or other proceedings in the United States, fully,

truthfully, and under oath, subject to the penalties of perjury (18 U.S.C. § 1621), making false statements or declarations in grand jury or court proceedings (18 U.S.C. § 1623), obstruction of justice (18 U.S.C. § 1503), and contempt (18 U.S.C. §§ 401-402), in connection with any such Federal Proceeding.

USAID shall completely release, acquit, and forever discharge ABB MEA, the employees, officers, and directors of ABB MEA, its subsidiaries, sister companies, and parent companies, and their employees, officers, and directors from any administrative claims, actions, or proceedings, including but not limited to suspension and debarment proceedings/actions under 48 C.F.R. part 9, or any applicable USAID supplement to that regulation, revocation of eligibility waiver, or any other statute or regulation, for actions relating to the award of USAID-funded construction contracts in the Arab Republic of Egypt from 1988 through 1996. USAID has not become aware that any other federal agency is contemplating bringing a suspension or debarment action against the above-referenced entities. Further, USAID will not request, instigate, or otherwise encourage any other federal agency to take any suspension or debarment action against any of the above-referenced entities or individuals. Finally, USAID will inform any federal agency that contacts USAID regarding the above-referenced entities that ABB MEA cooperated fully with the government in this matter.

ABB Ltd. and any organization affiliated with ABB Ltd. will ensure that it participates fully in the compliance program that was presented to the USAID Office of Inspector General (OIG), and when requested, ABB Ltd. will respond to any questions presented to it concerning the compliance program. In the event that there are any changes made to the program that substantially alter the present curriculum, ABB Ltd. will advise the USAID OIG in writing.

USAID agrees that the services outlined above, in conjunction with the payment of ten million dollars (\$10,000,000) to the U.S. Department of Justice, Civil Division, constitute adequate restitution, and USAID agrees to waive any further claim it may have to restitution in this matter.

Finally, it is emphasized that all USAID commitments herein are subject to the continuing observance of the commitments made by ABB Ltd. herein.

Sincerely,  
/S/

Robert Perkins  
General Counsel, USAID

**ATTACHMENT B**

William D. Dillon  
Trial Attorney  
United States Department of Justice  
Antitrust Division  
75 Spring St., S.W., Suite 1176  
Atlanta, GA 30303

Dear Mr. Dillon:

This letter confirms the agreement of ABB Ltd of Zurich, Switzerland, parent company of ABB MIDDLE EAST & AFRICA PARTICIPATIONS AG ("ABB MEA") that it will guarantee payment of the fine levied against ABB MEA in the criminal case currently pending against ABB MEA in the Northern District of Alabama, in consideration for the plea agreement with the United States in that case. ABB Ltd hereby agrees that it will guarantee the financial support necessary to ABB MEA to make the periodic payments required by the United States District Court in accordance with the Plea Agreement filed in the case.

In the event of bankruptcy or dissolution of ABB MEA, or any other event that would prevent payment of the fine imposed by the United States District Court for the Northern District of Alabama in the matter, or upon failure of payment, ABB Ltd agrees that it will pay any sums due to be paid by ABB MEA in accordance with the sentence imposed by the District Court pursuant to the attached Plea Agreement. By execution of this letter, I hereby confirm as Secretary of ABB Ltd that this guarantee of payment is binding upon ABB Ltd.

Sincerely,

/S/ \_\_\_\_\_  
Beat Hess  
Senior Group Officer  
Legal and Compliance

/S/ \_\_\_\_\_  
Hans Enhorning  
Assistant General Counsel  
Vice President  
ABB Ltd

Enclosure  
Dated: 11 April 2001